

28 December 1954

MEMORANDUM FOR: Chief, E/C

Attn: [REDACTED]

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FROM :

SUBJECT : EDIC/EXCON Reference Desk Report for December 1954

Summary - In the course of three meetings held during December the Economic Defense Intelligence Committee continued its November discussion on the flow of economic defense intelligence (other than enforcement) to action agencies, reviewed two OIR papers, initiated a "case" on Soviet production of jeeps, and assisted MDAC in drafting instructions to the USDEL in COCOM on the subject of downgrading of COCOM documents. The EXCON Reference Desk continued to scan and file incoming cable material, satisfied approximately 50 requests for information and/or reference material, and made headway on an index of CG/COCOM/CHINCOM documents in anticipation of the downgrading project.

EDIC Activities - In its discussion on distribution of economic defense intelligence (other than enforcement) to action agencies, EDIC determined that Commerce and State requirements were being adequately supplied while MDAC<sup>was</sup> stimulated to submit similar requirements to the several military intelligence agencies. It was made clear that CIA has no responsibility to forward to action agencies information of this type received from the military services.

In connection with anticipated COCOM review of the problem of Soviet trade trends and tactics, the EDIC reviewed an OIR paper on "Soviet Bloc Trade Trends and Tactics in Petroleum" (Intelligence Report No. 6714 of 26 November 1954). Comments on both the substance and conclusions of the paper were forwarded to OIR. Similar action was taken on OIR Intelligence Report No. 6709 of 9 November 1954 which was written to compare the recent trend in West European orders from the Soviet bloc for copper wire and cable with exports prior to embargo. The EDIC was subsequently informed that preparation of a supplement to this copper paper had been postponed indefinitely in view of recent decisions made regarding this commodity. EDIC also completed action on a third paper, a joint CIA-OIR-AFOIN statement on "Strategic Significance of Indium to the Soviet Bloc." A summary statement on these three actions was distributed to the EDAC-ACEP structure as EDIC/AM-3.

EDIC Case No. 2 on "Soviet Production of Jeeps" was initiated during the month in response to a request of the Bureau of Foreign Commerce for intelligence to be used in re-evaluating the strategic rating of these vehicles. Production of this intelligence study has been assigned to ORR with assistance from G-2 and AFOIN. A member of E/C, working with I/TH, has completed a preliminary draft statement on the subject.

The proposed downgrading of CG/COCOM/CHINCOM documents first came to EDIC attention at the 1 December meeting and subsequently has occasioned a considerable outlay of time and effort by the Executive

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Secretary and the EXCON Reference Desk. EDIC members assisted MDAC by reviewing a draft instruction which, in brief, instructs the USDEL in COCOM to support a proposal that "all numbered series CG/COCOM/CHINCOM documents past and future be declassified to Confidential and treated accordingly except for instances in which a member country requests Secret Classification or Committee agrees that a lower classification is possible." [REDACTED] This downgrading

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proposal, it is claimed, will result in greater speed of transmission and ease of storage and handling in overseas missions. A 90-day deadline, commencing with adoption of the proposal in COCOM, will be established within which period member governments must furnish lists of those documents which they will not agree to downgrade.

In this Division, the project involves a sampling of some 1,800 COCOM and 300 CHINCOM documents to determine whether they incorporate any intelligence and/or technical data which cannot be downgraded from Secret classification. The EXCON Reference Desk has been given responsibility for (a) obtaining a list of all documents involved in this proposal; (b) assembling all such documents; and, (c) sampling the various categories of documents to make an initial determination of whether they cannot be downgraded. Once this sampling has been completed, the Executive Secretary will forward appropriate recommendations to other Offices of the Agency having competence and final jurisdiction in the classification of documents incorporating CIA intelligence.

During December the EDIC was informed that the EDAC Executive Committee had been requested to approve the majority recommendation of the IWG (now EDIC) that a unit within an appropriate division or component of one of the EDIC intelligence agencies be assigned responsibility for the continuing development and analysis of intelligence on the external financial operations of the Soviet bloc. When Executive Committee approval is obtained the EDIC will be asked to determine which of the intelligence agencies is best qualified to carry out the objectives stated in the recommendation.

At the 21 December meeting the Commerce member pointed out the urgent need of his Department for intelligence support in connection with the current review of strategic rating of items on the several China export control lists. He expressed the desire for immediate participation of CIA technicians in this review, indicating that the urgency of the situation does not allow for an extended survey as to what intelligence might be available within the community. He was informed that there is a limit to the capabilities of the intelligence community in this respect and that CIA lacks guidance from Commerce as to specific information required and criteria being used for retention of items on the lists. There will, however, be pre-consultation between the action and intelligence agencies in an effort to maximize intelligence support to the China list review. It is not anticipated that EDIC channels will be employed in the course of this review.